

Business and Industry (B&I) Guaranteed Loan Program

DESCRIPTION:

The Business and Industry (B&I) program guarantees loans made by lenders up to a maximum of 80 percent of loss resulting from borrower default.

ELIGIBLE LOAN PURPOSES:

Eligible loan purposes can include machinery and equipment, buildings and real estate, working capital and certain types of debt refinancing.

ELIGIBLE BORROWER:

An eligible borrower can be any legal entity including a cooperative, corporation, or partnership organized and operated on a profit or non-profit basis, Indian Tribe, public body or individual.

THE LENDER:

The lender can be any federal or state chartered bank, credit union, savings and loan association, or Farm Credit Bank.

PERCENT OF GUARANTEE:

Guarantees can be up to 80 percent of the loan and can be issued on loans up to \$5 million; 70 percent for loans of up to \$10 million; and 60 percent for loans up to \$25 million. Loans up to \$5 million are approved in North Dakota Rural Development's State office in Bismarck.

LOAN MATURITY:

Maximum maturities are seven years for working capital, 15 years for machinery and equipment, and 30 years for real estate.



ELIGIBLE AREAS:

Eligible areas include all the cities and rural areas in North Dakota, with the exception of Fargo/West Fargo and Bismarck/Mandan. Priority is given to projects located in cities under 25,000 population.

OTHER CRITERIA:

Interest rates are negotiated between borrower and lender and may be variable or fixed. Collateral must be sufficient to protect the interests of the lender and the USDA. Loans may require personal and/or corporate guarantees. Minimum tangible equity requirements are 20 percent for start-ups and 10 percent for existing businesses. Costs for the guarantee are 1.6 percent of the loan amount. A servicing fee is charged, currently .25 percent of the guarantee portion of the loan.

For More Information Contact:

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